

PINE RIVER CAPITAL MANAGEMENT L.P.

FORM ADV, PART 2: BROCHURE

601 CARLSON PARKWAY, SUITE 330
MINNETONKA, MN 55305 U.S.A.
(612) 238-3300
WWW.PRCM.COM
AUGUST 25, 2014

This Form ADV, Part 2 ("Brochure") provides information about the qualifications and business practices of Pine River Capital Management L.P. ("we," "us," or "Pine River"). If you have any questions about the contents of this Brochure, please contact us at (612) 238-3300 or compliance@prcm.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

From time to time Pine River refers to itself as a "registered investment adviser" or describes itself as "registered". Registration does not include or imply a certain level or skill or training. Neither the SEC, the securities regulatory authority of any state, nor the securities regulatory authority of any other jurisdiction has approved or disapproved Pine River's regulatory status, or passed upon the adequacy or accuracy of this Brochure.

Additional information about Pine River also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This section is intended to discuss only specific material changes made to the Brochure and to provide a summary of changes made since the most recent annual update. This Brochure, dated August 25, 2014, includes the following:

- The addition of Pine River Ultra Master Fund Ltd., Pine River Ultra Fund Ltd. and Pine River Ultra Fund L.P.
- The removal of Pine River Financial Services Master Fund Ltd. and Pine River Financial Services Fund L.P.
- Updated Fees and Compensation information.
- Updated Methods of Analysis, Investment Strategies and Risk of Loss information.

This Brochure is prepared according to the July 28, 2010, United State Securities and Exchange Commission (“SEC”) publication entitled “Amendments to Form ADV”. We urge clients and Investors to read this entire Brochure.

A complimentary copy of our Brochure may be requested by contacting Pine River’s Legal Department by telephone at (612) 238-3300 or by submitting a written request to 601 Carlson Parkway, Suite 330, Attn. Legal Department, Minnetonka, MN 55305 U.S.A. or compliance@prcm.com.

Item 3 -Table of Contents

Item 1 – Cover Page	i
Item 2 – Material Changes	ii
Item 3 - Table of Contents.....	iii
Item 4 – Advisory Business.....	1
Item 5 – Fees and Compensation	2
Item 6 – Performance-Based Fees and Side-By-Side Management	6
Item 7 – Types of Clients	7
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9 – Disciplinary Information.....	31
Item 10 – Other Financial Industry Activities and Affiliations	31
Item 11 – Code of Ethics	31
Item 12 – Brokerage Practices.....	32
Item 13 – Review of Accounts	36
Item 14 – Client Referrals and Other Compensation	36
Item 15 – Custody.....	37
Item 16 – Investment Discretion	37
Item 17 – Voting Client Securities	37
Item 18 – Financial Information	38
Brochure Supplement(s)	

Item 4 – Advisory Business

Pine River Capital Management L.P. (“we,” “us,” or “Pine River”) is a Delaware limited partnership that commenced operations on May 4, 2002. Pine River’s general partner is Pine River Capital Management LLC. The Members of Pine River Capital Management LLC are Brian C. Taylor, Jeff Stolt and Tim O’Brien. Mr. Taylor is also the only partner of Pine River who holds 25% or more of Pine River’s partnership interests.

Pine River provides investment management services to private funds established by Pine River (“Pine River Funds”), to private funds or accounts established by third parties (“Pine River Managed Accounts”), and to other legal entities, including a publicly-listed real estate investment trust.

Pine River Funds. The Pine River Funds are private entities that have been formed by Pine River to provide a means by which qualified, sophisticated investors may pursue alternative investment strategies. For each such strategy, Pine River typically creates a master-feeder structure consisting of a master fund in the form of a Cayman Islands exempted company, and one or more feeder funds consisting of Cayman Islands exempted companies and Delaware limited partnerships or limited liability companies. The feeder funds invest substantially all of their capital into the related master fund. The master fund conducts the investment activities.

Managed Accounts. The Accounts are private domestic or foreign accounts or entities, each of which is typically managed by Pine River for the benefit of one investor or group of investors.

The Pine River Funds and the Pine River Managed Accounts are referred to in this Brochure as “Funds” or “clients”. The individual investors in the Funds are referred to as “Investors”.

Pine River’s wholly owned subsidiary, PRCM Advisers LLC, provides investment management services to a publicly-listed real estate investment trust, Two Harbors Investment Corp. (“Two Harbors”) [NYSE: TWO]. In addition, Pine River’s majority owned subsidiary, PRCM Real Estate Advisers LLC, provides management services to Silver Bay Realty Trust Corp. (“Silver Bay”) [NYSE: SBY], which intends to elect and qualify to be taxed as a real estate investment trust. Unless expressly stated, the information in this Brochure does not relate to Two Harbors or Silver Bay. For more information regarding Two Harbors or Silver Bay, please see filings with the SEC, which are available on the SEC’s website at www.sec.gov.

Pine River has sole discretion to manage its clients’ investment portfolios. Generally, Pine River does not accept instructions from clients with respect to investments by or for their accounts. Pine River Managed Accounts can impose restrictions on investing in certain securities or types of securities. Pine River Managed Accounts can also negotiate other terms with Pine River. Pine River Managed Account restrictions and terms are formalized in advisory agreements with Pine River.

As of August 1, 2014, Pine River managed approximately \$ 15.4 billion in assets calculated on a net basis.

Item 5 – Fees and Compensation

Pine River is compensated for its advisory services based on a percentage of assets under management (“Management Fee”). Additionally, Investors in certain Funds pay Pine River performance-based fees or allocations (“Incentive Fee/Allocation”).

Following is a schedule of fees paid to Pine River with respect to the Pine River Funds:

Nisswa Acquisition Master Fund Ltd.		
	Nisswa Acquisition Fund Ltd.	1.5% Management Fee 20% Incentive Fee/Allocation
	Nisswa Acquisition Fund L.P.	1.5% Management Fee 20% Incentive Fee/Allocation
Pine River Asia Master Fund Ltd.		
	Pine River Asia Fund Ltd.	1.5% Management Fee 20% Incentive Fee/Allocation
	Pine River Asia Fund LLC	1.5% Management Fee 20% Incentive Fee/Allocation
Pine River Convertibles Master Fund Ltd.		
	Pine River Convertibles Fund Ltd.	1.5% Management Fee 20% Incentive Fee/Allocation*
	Pine River Convertibles Fund L.P.	1.5% Management Fee 20% Incentive Fee/Allocation*
Pine River China Master Fund Ltd.		
	Pine River China Fund Ltd.	1.5% Management Fee 20% Incentive Fee/Allocation
	Pine River China Fund L.P.	1.5% Management Fee 20% Incentive Fee/Allocation
Pine River Credit Relative Value Master Fund Ltd. (f/k/a Pines Edge Value Investors Ltd.)		
	Pine River Credit Relative Value Fund Ltd.	1.5% Management Fee 20% Incentive Fee/Allocation
	Pine River Credit Relative Value Fund L.P. (f/k/a Pines Edge Value Investors L.P.)	1.5% Management Fee 20% Incentive Fee/Allocation
Pine River Fixed Income Master Fund Ltd.		
	Pine River Fixed Income Fund Ltd.	1.5% Management Fee 20% Incentive Fee/Allocation
	Pine River Fixed Income Fund L.P.	1.5% Management Fee 20% Incentive Fee/Allocation
Pine River Liquid Mortgage Master Fund Ltd.		
	Pine River Liquid Mortgage Fund Ltd.	2.0% Management Fee 20% Incentive Fee/Allocation
	Pine River Liquid Mortgage Fund L.P.	2.0% Management Fee 20% Incentive Fee/Allocation
Pine River Liquid Rates Master Fund Ltd.		
	Pine River Liquid Rates Fund Ltd.	2.0% Management Fee 20% Incentive Fee/Allocation
	Pine River Liquid Rates Fund L.P.	2.0% Management Fee 20% Incentive Fee/Allocation
	Pine River Liquid Rates Fund Ltd. and	1.5% Management Fee

	Pine River Liquid Rates Fund L.P. Class C	23% Incentive Fee/Allocation
Pine River Master Fund Ltd.		
	Pine River Fund Ltd.	1.5% Management Fee 20% Incentive Fee/Allocation
	Pine River Fund L.P.	1.5% Management Fee 20% Incentive Fee/Allocation
Pine River Quantitative Strategies Master Fund Ltd.		
	Pine River Quantitative Strategies Fund Ltd.	1.5% Management Fee 20% Incentive Fee/Allocation
	Pine River Quantitative Strategies Fund L.P.	1.5% Management Fee 20% Incentive Fee/Allocation
Pine River Tail Hedge Master Fund Ltd.		
	Pine River Tail Hedge Fund Ltd.	2.0% Management Fee
	Pine River Tail Hedge Fund L.P.	2.0% Management Fee
Pine River Ultra Master Fund Ltd.		
	Pine River Ultra Fund Ltd.	1.5% Management Fee 20% Incentive Fee/Allocation
	Pine River Ultra Fund L.P.	1.5% Management Fee 20% Incentive Fee/Allocation

**Incentive fee is reduced if an Investor chooses to limit its redemption rights*

The Pine River Funds do not pay Management Fees or Incentive Fees/Allocations to Pine River. Rather, Management Fees and Incentive Fees/Allocations are paid by the Investors in the Pine River Funds.

The Pine River Managed Accounts pay Management Fees and/or Incentive Fees/Allocations based on separately negotiated private contracts.

The expenses borne by Clients are generally divided into three categories, Trade Expenses, Fund-Specific Expenses and Ongoing General Partner Expenses.

Trade Expenses paid by clients may include:

- brokerage commissions, mark-ups, mark-downs, spreads and other transactional costs;
- trade specific external legal expenses and other third-party fees and expenses incurred in connection with the evaluation of prospective transactions;
- trade related travel and due diligence costs and expenses;
- interest expense;
- fees and costs incurred with respect to securing access to markets, investments and investment opportunities;
- custody costs and expense; and
- clearing costs and expenses.

Fund-Specific Expenses paid by clients may include:

- third-party legal, audit and tax preparation expenses;
- other professional fees;

- administrator fees;
- director fees;
- registered office expenses;
- taxes;
- regulatory expenses incurred in connection with ongoing compliance with any laws, rules or regulations currently in effect or adopted in the future;
- expenses incurred in connection with any threatened, pending or anticipated litigation, examination or proceeding; and
- expenses incurred as a result of a Pine River Fund's obligation to indemnify certain parties against losses, liabilities and expenses incurred in connection with the performance of their duties on behalf of, or the provision of services to, the Pine River Fund.

Ongoing General Partner Expenses may include:

- a reasonable allocation of the premiums for any directors' and officers' or errors and omissions insurance coverage purchased by Pine River that would offset some portion of a Fund's indemnity obligations);
- research expenses;
- Bloomberg access and similar information technology services and information technology costs;
- telecommunications costs;
- Pine River or its affiliates' computer software costs;
- salary and benefits (but not bonuses) payable to Pine River or its affiliates' non-trading personnel and non-managerial personnel who predominantly work on behalf of Pine River and its affiliates' various funds and accounts, including settlements and information technology personnel, accountants and internal legal counsel (to the extent that they engage in fund-specific and account-specific legal work); and
- other fees and expenses incurred by Pine River or its affiliates that are determined by Pine River, acting in good faith, to be attributable to the Funds.

Ongoing General Partner Expenses are allocated in a fair and equitable manner among clients.

Pine River Funds may invest in each other. In such cases, Pine River waives, adjusts or offsets Management Fees and Incentive Fees/Allocations as necessary to avoid the layering or duplication of fees.

The Funds may invest in securities of investment companies (such as such as closed-end funds, open-end funds and exchange traded funds) that are not managed by Pine River or its affiliates. When a client invests in such investment companies it will incur layered fees. In other words, the client will pay fees to Pine River and also pay fees charged by the investment company. The fees include custodial, management, early termination and other expenses of the investment company.

Transactional Costs

The Funds' expenses may represent a higher percentage of net assets than fees in other private investment funds. This is because many of the strategies used by the Funds require frequent trading. Portfolio turnover, brokerage commissions, and other transaction fees and expenses are increased by frequent trading (please refer to Item 12 for further details).

Side Letters and Other Agreements

The Funds and Pine River have entered into (and may enter into in the future) side letters and other agreements granting more favorable rights or terms to certain Investors. These rights or terms may include:

- special rights to make future investments in a Fund, other investment vehicles or managed accounts;
- special liquidity or redemption or withdrawal rights relating to frequency, notice, fees, expedited payment of redemption or withdrawal proceeds and/or other terms;
- rights to receive reports from a Fund on a more frequent basis or that include information not provided to other Investors (including more detailed information regarding portfolio positions);
- rights to receive reduced rates of the Incentive Fee/Allocation and/or the Management Fee; and
- limits on expenses that can be charged to such Investors.

These agreements could create preferences or priorities for certain Investors as compared to other Investors. In particular, Investors that are Funds or affiliates of Pine River are not always subject to the same redemption or withdrawals limits and fees as other Investors.

The Funds or Pine River may enter into these separate agreements without the consent of, or notice to, other Investors. Investors are not entitled to participate in any special arrangement without the prior approval of Pine River. Investors not offered a special arrangement do not have any right or claim against Pine River or the Funds.

Valuation Risk

Management Fees, Incentive Fees/Allocations and amounts due to or from Investors upon redeeming or withdrawing their investments from the Funds are based on valuation of the relevant Funds' assets.

Pine River determines the net asset value of each Fund on a monthly basis pursuant to a Valuation Policy that is administered by Pine River's Valuation Committee. If a Fund has a third party administrator, the valuation is determined in coordination with the administrator. The net asset value of a Fund is based on the value of the individual investments of the Fund. Pine River may not be able to make timely and accurate valuations of certain of the Funds' investments.

The valuation of investments is based on market data, independent third party information and other sources deemed reliable by Pine River in its good faith judgment. Nevertheless, there is a risk that any given determination of net asset value may be overstated or understated.

A conflict of interest exists in valuing the Funds' investments, because Pine River has an incentive to value the Funds' investments aggressively in order to improve reported performance, attract new Investors and increase Incentive Fees/Allocations.

On an annual basis, the net asset value of each Pine River Fund is audited by the Fund's independent auditors. Net asset value calculations may be adjusted following the year-end audit. Incentive Fees/Allocations charged at year-end based on unrealized gains are not subject to reversal or offset due to subsequent realized or unrealized losses.

Pine River's valuation determinations are conclusive and binding on all Investors, and cannot be challenged after the annual audit.

Fee Payment

The specific manner that Management Fees and Incentive Fees/Allocations are charged by Pine River is stated in each Fund's offering memorandum and other governing documents. The terms of the Funds' governing documents supersede this Brochure. Upon an Investor withdrawing or redeeming its investment, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Investors in the Pine River Funds pay Pine River for its Management Fees on a monthly basis in advance. The Pine River Funds do not provide for the rebate of any portion of a Management Fee after it has been paid; because redemptions and withdrawals are only permitted as of the last day of a month, there is no foreseeable circumstance under which a claim for a rebate of Management Fees could arise. Pine River Funds' independent third party administrators verify Pine River's fee calculations. Managed account clients may negotiate different fee payment arrangements. Fees due to Pine River are paid from clients' custodial accounts. Investors' capital accounts are reduced by the amount of such fees. Neither Pine River nor any of Pine River's supervised persons receive compensation in connection with the sale of securities or other investments to the Funds.

Item 6 – Performance-Based Fees and Side-By-Side Management

As set forth in Item 5, Pine River has entered into Incentive Fee/Allocation arrangements with certain clients. In valuing clients' assets to calculate Incentive Fees/Allocations, Pine River includes realized and unrealized gains and losses. The calculation and payment of Incentive Fees/Allocations must comply (a) with the requirements of Rule 205-3 under the Investment Advisers Act of 1940 and (b) during any time that the assets of a Fund are considered to be "plan assets" for purposes of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "Code"), with the requirements of ERISA and related regulations.

Performance-based fee arrangements may create an incentive for Pine River to recommend investments that are riskier or more speculative than those that it might recommend under a flat fee arrangement. Performance-based fee arrangements also may create an incentive to favor higher fee paying clients over other clients.

Pine River has policies and procedures in place related to the allocation of investments and investment opportunities. If Pine River determines that an investment or trading opportunity is appropriate for more than one Fund, then Pine River allocates such investment or trading opportunity among Funds in a manner that Pine River determines, exercising its judgment in good faith, to be fair and equitable, taking into consideration all allocations among such Funds taken as a whole. Pine River is not required to provide every opportunity to every Fund, or to allocate opportunities on a pre-determined basis.

Item 7 – Types of Clients

Pine River provides investment management services to Pine River Funds, Pine River Managed Accounts and to other legal entities, including a publicly-traded real estate investment trust (please refer to Item 4 for further details).

Investors in the Pine River Funds are generally limited to:

- (1) “non-U.S. persons,” or
- (2) (a) U.S. investors who are “accredited investors,” as defined in Regulation D under the Securities Act of 1933 and (b) certain U.S. persons who are “qualified purchasers” or “knowledgeable employees” as defined in the Investment Company Act of 1940 and its underlying regulations.

Pine River offers investment in the Funds on a private basis to a limited number of qualified institutional and high net worth Investors that meet such criteria. Investors must also be financially sophisticated and able to bear the substantial risks of an investment in the Fund, including the loss of the entire investment.

Pine River generally requires a minimum initial investment of \$1,000,000 from each Investor for each Fund, other than the Fixed Income Funds (defined below), which generally require a minimum initial investment of \$5,000,000. The Funds generally have minimum additional investments of \$100,000. Pine River may accept investments for lesser amounts in its discretion, but may not in any event accept amounts below the relevant statutory minimum, if any. Pine River reserves the right to reject any investment in whole or in part. Pine River also reserves the right to terminate, suspend or postpone investments in any Fund at any time without notice.

Investment in a Pine River Managed Account is available only to the Investor or group of Investors for whom the Pine River Managed Account was established. An Investor in a Pine River Managed Account is subject to the criteria and limitations set forth in the governing documents for the applicable Pine River Managed Account.

Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

Investment Strategies

Each Pine River Fund pursues an investment strategy described in its offering memorandum, as summarized below. In each case, the following summaries are not intended to be a complete statement of the investment strategies and related risks of the applicable Pine River Funds. Investors should review the full offering memorandum and other governing documents for a given Fund for a complete statement of the strategy and risks relating to such Fund. The terms of the Pine River Funds’ offering memoranda and other governing documents supersede the disclosures contained in this Brochure.

Investment Strategy and Objective of Nisswa Acquisition Master Fund Ltd.
Feeder Funds: Nisswa Acquisition Fund Ltd. and Nisswa Acquisition Fund L.P.

Nisswa Acquisition Master Fund Ltd, Nisswa Acquisition Fund Ltd. and Nisswa Acquisition Fund L.P. (the “Nisswa Acquisition Funds”) seek to generate superior risk-adjusted returns by investing and trading in the securities of companies pursuing, undergoing or significantly affected by mergers, acquisitions, tender offers, asset sales, spin-offs, divestitures and other major corporate transactions. Strategies include the securities of “special purpose acquisition companies” and the operating companies in which such companies invest, participation in initial public offerings, participation in the issuance of securities in connection with a major transaction, fundamental analysis of major transactions and the entities involved in such transactions, quantitative analysis of the probability-adjusted returns of a security or portfolio of securities, merger-related arbitrage and event risk analysis. Opportunities are analyzed both on an individual basis and on an overall portfolio basis.

The Nisswa Acquisition Funds seek to hedge their investments in order to reduce exposure to broad market movements. Even with these hedging strategies, the Nisswa Acquisition Funds’ portfolios are typically “long” securities that are expected to be somewhat correlated to the equity and bond markets.

The Nisswa Acquisition Funds trade opportunistically in other securities and derivatives of any type. Substantially all of the Nisswa Acquisition Funds’ investments are expected to be in publicly traded securities. The Nisswa Acquisition Funds may invest in private and illiquid investments.

Pine River is not presently accepting new Investors in the Nisswa Acquisition Funds.

Investment Strategy and Objective of Pine River Asia Master Fund Ltd.
Feeder Funds: Pine River Asia Fund Ltd. and Pine River Asia Fund LLC

Pine River Asia Master Fund Ltd., Pine River Asia Fund Ltd. and Pine River Asia Fund LLC (the “Pine River Asia Funds”) seek to generate superior risk-adjusted returns by investing and trading in Asian financial markets, primarily employing “relative value” strategies. Relative value strategies are those that seek to be profitable regardless of whether broader market indices rise or fall.

Pine River’s strategies include the use of market judgment and/or mathematical/statistical techniques. These techniques identify perceived mis-pricings of securities and capture the value inherent in mis-pricings by trading long and short positions in those securities.

The Pine River Asia Funds’ strategies include trading convertible bonds, convertible preferred stocks, warrants, options and other equity-linked instruments. The Pine River Asia Funds’ purchases and sales of these securities generally are hedged with offsetting positions in the underlying equity and/or credit. Profits from what the Pine River Asia Funds perceive to be mis-priced volatility implicit in the convertible portfolio are generally derived by both active, dynamic hedging and revaluation in the marketplace. The Pine River Asia Funds may also invest in other asset classes or pursue other investment strategies.

From time to time, the Pine River Asia Funds may take “outright” directional market positions when such positions are thought to be complementary to or are reasonably viewed as hedges to the core strategy. These trades frequently result from opportunities identified in the course of implementing Pine River’s core strategies, as a result of which Pine River may identify certain securities which it believes to be materially over- or underpriced. In certain cases, Pine River may determine that an

outright directional (long or short) position in such securities may have a better risk-reward profile than a hedged position.

The Pine River Asia Funds seek investment opportunities across a broad range of markets, issuers, securities, industries, credit ratings and geographic segments within the Asian markets and trades opportunistically in securities and derivatives of any type.

Investment Strategy and Objective of Pine River China Master Fund Ltd.
Feeder Funders: Pine River China Fund Ltd. and Pine River China Fund L.P.

Pine River China Master Fund Ltd., Pine River China Fund Ltd. and Pine River China Fund L.P. (the “Pine River China Funds”) seek to generate superior risk-adjusted returns by pursuing investment strategies with concentrated exposure to China, primarily employing “relative value” strategies; that is, strategies that seek to be profitable regardless of whether broader market indices rise or fall.

Pine River applies a broad definition of investments that have exposure to China. In addition to companies that are located or domiciled in China, companies that conduct a substantial portion of their business in China or with Chinese customers or suppliers are within the Pine River China Funds’ investment mandate. The Pine River China Funds’ investment mandate also includes companies that are the subject of mergers or other strategic relationships with Chinese entities, or that are subject to control by or investments from Chinese entities. Further, countries whose economies are strongly influenced by the Chinese economy, and the currencies, industries and companies of those countries, are also within the Pine River China Funds’ investment mandate.

Investment Strategy and Objective of Pine River Convertibles Master Fund Ltd.
Feeder Funders: Pine River Convertibles Fund Ltd. and Pine River Convertibles Fund L.P.

Pine River Convertibles Master Fund Ltd., Pine River Convertibles Fund Ltd. and Pine River Convertibles Fund L.P. (the “Pine River Convertibles Funds”) seek to generate superior risk-adjusted returns by engaging in convertible securities arbitrage and other “relative value” investment strategies.

Convertible securities are securities that can be exchanged or converted into a predetermined number of the issuer’s underlying shares or the shares of another company, or securities that are indexed to an unmanaged market index, at the option of the holder during a specified time period. Convertible arbitrage generally involves acquiring convertible securities and selling short a corresponding amount of the underlying equity securities (although this relationship may be reversed).

The Pine River Convertibles Funds’ strategies include the trading of convertible bonds, convertible preferred stocks, warrants, options and other equity-linked instruments. Pine River will use its market judgment and/or mathematical/statistical techniques to identify perceived mis-pricings of securities, the price movements of which are significantly correlated, and to capture the value inherent in those mis-pricings by trading long and short positions in those securities. Profits from what the Pine River Convertibles Funds perceives to be mis-priced credit and/or volatility implicit in the convertible portfolio are generally derived by active investing, dynamic hedging and revaluation in the marketplace.

The Pine River Convertibles Funds' strategy is intended to be "market neutral". In other words, the Pine River Convertibles Funds seek to be profitable regardless of whether broader market indices rise or fall.

The Pine River Convertibles Funds concentrate on opportunities in convertible arbitrage. But, they may also invest in other asset classes or pursue other investment strategies that Pine River believes are consistent with the relative value orientation of the Pine River Convertibles Funds and offer attractive risk-based returns. Other strategies used by the Pine River Convertibles Funds may include capital structure arbitrage, merger arbitrage and event-driven arbitrage.

From time to time, the Pine River Convertibles Funds may also take "outright" directional market positions when such positions are thought to be complementary to or are viewed by Pine River as hedges to the core strategy. These trades frequently result from opportunities identified in the course of implementing the Pine River Convertibles Funds' core strategies, as a result of which Pine River may identify certain securities that it believes to be materially over- or underpriced. In certain cases, Pine River may determine that an outright directional (long or short) position in such securities may have a better risk-reward profile than a hedged position.

Investment Strategy and Objective of Pine River Credit Relative Value Master Fund Ltd.
(f/k/a Pines Edge Value Investors Ltd.)

Feeder Funds: Pine River Credit Relative Value Fund Ltd. and Pine River Credit Relative Value Fund L.P. (f/k/a Pines Edge Value Investors L.P.)

The investment objective of Pine River Credit Relative Value Master Fund Ltd., Pine River Credit Relative Value Fund Ltd., and Pine River Credit Relative Value Fund L.P. (the "Credit RV Funds") is to generate superior risk-adjusted returns by investing and trading in global markets, primarily employing "relative value" strategies; that is, strategies that seek to be profitable regardless of whether broader market indices rise or fall. These strategies include trading in capital structure arbitrage, relative value credit (investing across different tranches of the capital structure of a single corporate entity or group), distressed credits, credit-linked equity, value situations, new issues, structured credits, collateralized obligations and event-driven situations. Credit RV Funds' strategies include the use of market judgment and/or mathematical/statistical techniques to identify perceived mis-pricings of securities the price movements of which are significantly correlated, and to capture the value inherent in those mis-pricings by trading long and short positions in those securities.

The Credit RV Funds invest in asset classes or pursue investment strategies that Pine River believes are consistent with the relative value orientation of the Credit RV Funds and offer attractive risk based returns.

Investment Strategy and Objective of Pine River Fixed Income Master Fund Ltd.

Feeder Funds: Pine River Fixed Income Fund Ltd. and Pine River Fixed Income Fund L.P.

The investment objective of Pine River Fixed Income Master Fund Ltd., Pine River Fixed Income Fund Ltd. and Pine River Fixed Income Fund L.P. (the "Fixed Income Funds") is to generate superior risk-adjusted returns that are not correlated to the general equity and debt markets by investing and trading primarily in mortgage-backed securities and related fixed-income investment opportunities.

The Fixed Income Funds' primary strategy is to identify, trade and invest in mortgage-backed securities that Pine River believes are undervalued or mis-priced relative to similar securities. In

addition, the Fixed Income Funds may engage in other investing and trading strategies pertaining to the mortgage-backed securities and fixed-income markets that are consistent with its investment objective, including U.S. municipal securities and the equities of financial institutions involved in the mortgage markets. Substantially all of the Fixed Income Funds' investments are expected to be in publicly-traded or other liquid securities. The Fixed Income Funds may also invest in private and illiquid investments, including other private investment funds managed by Pine River that pursue strategies that are complementary to the Fixed Income Funds' strategies.

The Fixed Income Funds employ strategies that seek to be profitable regardless of whether interest rates or broader market indices rise or fall. From time to time, however, the Fixed Income Funds will also take positions in equities or other instruments that may be correlated to the broader markets when such positions are thought to be complementary to or are reasonably viewed as hedges to the Pine River Fixed Income Funds' core strategies. Pine River seeks to enhance the Fixed Income Funds' risk-based financial returns through the use of leverage, and through the use of hedging techniques to reduce certain risks associated with fixed-income investments.

The Fixed Income Funds invest and trade in a wide variety of instruments in pursuit of their strategy. Their strategy may include securities that are based on fixed-rate mortgages, adjustable rate mortgages, interest-only mortgages and mortgages with varying maturity dates; collateralized mortgage obligations; interest-only or principal-only securities; "TBAs" (trades in mortgage-backed securities to be delivered by a U.S. government-sponsored mortgage entity at a future date); mortgage REITs (real estate investment trusts that hold mortgages and mortgage-backed securities); and securities representing the rights to certain portions of the principal and/or interest payments from a pool of mortgages. In addition, from time to time the Fixed Income Funds may invest a portion of their assets in other instruments that Pine River believes are attractive and complementary to the Fixed Income Funds' core strategy. These may be only indirectly related to the core strategy, and may include asset-backed securities, municipal securities, convertible bonds, preferred securities, common stock and warrants.

Investment Strategy and Objective of Pine River Liquid Mortgage Master Fund Ltd.
Feeder Funds: Pine River Liquid Mortgage Fund Ltd. and Pine River Liquid Mortgage Fund
L.P.

The primary strategy of Pine River Liquid Mortgage Master Fund Ltd. Pine River Liquid Mortgage Fund Ltd. and Pine River Liquid Mortgage Fund L.P. (the "Liquid Mortgage Funds") is to identify, trade and invest in mortgage-backed securities that Pine River believes are undervalued or mis-priced relative to similar securities. In addition, the Liquid Mortgage Funds may engage in other investing and trading strategies pertaining to the mortgage-backed securities and fixed-income markets that are consistent with its investment objective. Substantially all of the Liquid Mortgage Funds' investments are expected to be in publicly-traded or other highly liquid securities.

The Liquid Mortgage Funds will employ strategies that seek to be profitable regardless of whether broader market indices rise or fall. From time to time, however, the Liquid Mortgage Funds may also take positions that are correlated to the broader markets when such positions are thought to be complementary to or are reasonably viewed as hedges to the core strategy.

The Liquid Mortgage Funds will invest and trade in a wide variety of instruments in pursuit of its strategy, consistent with the Liquid Mortgage Funds' emphasis on liquidity. The instruments may include securities and derivatives that are based on fixed-rate mortgages, adjustable rate mortgages, interest-only mortgages and mortgages with varying maturity dates; collateralized mortgage obligations; interest-only securities; "TBAs" (trades in mortgage-backed securities to be delivered by

a U.S. government-sponsored mortgage entity at a future date); securities representing the rights to certain portions of the principal and/or interest payments from a pool of mortgages; asset-backed securities; U.S. Treasuries; and municipal bond securities.

Investment Strategy and Objective of Pine River Liquid Rates Master Fund Ltd.
Feeder Funds: Pine River Liquid Rates Fund Ltd., and Pine River Liquid Rates Fund L.P.

The primary strategy of Pine River Liquid Rates Master Fund Ltd., Pine River Liquid Rates Fund Ltd. and Pine River Liquid Rates Fund L.P. (the “Liquid Rates Funds”) is to identify, trade and invest in global sovereign bonds and related securities that Pine River believes are undervalued or mis-priced relative to similar securities. In addition, the Liquid Rates Funds may engage in other investing and trading strategies pertaining to the global sovereign bond markets that are consistent with its investment objective. Substantially all of the Liquid Rates Funds’ investments are expected to be in publicly-traded or other relatively liquid securities.

The Liquid Rates Funds employ strategies that seek to be profitable regardless of whether broader market indices rise or fall. From time to time, however, the Liquid Rates Funds may also take positions in financial instruments that may be correlated to the broader markets when such positions are thought to be complementary to or are reasonably viewed as hedges to the Liquid Rates Funds’ core strategies.

The Liquid Rates Funds seek to enhance risk-based financial returns through the use of high leverage for many of their investment positions, and intend to maintain a significant portion of their assets in cash and other liquid securities in order to support the leverage of its investment positions. Pine River may use hedging techniques to reduce certain risks associated with the Liquid Rates Funds’ investment strategies.

The Liquid Rates Funds expect to invest and trade in a wide variety of financial instruments in pursuit of their objective, focusing primarily on global sovereign bonds and related securities and derivatives. In addition, from time to time the Liquid Rates Funds may invest a portion of the Liquid Rates Funds’ assets in other financial instruments that Pine River believes are attractive and complementary to the Liquid Rates Funds’ core strategy. These may be only indirectly related to the core strategy, and may include asset-backed securities, convertible bonds, preferred securities, common stock and warrants.

Investment Strategy and Objective of Pine River Master Fund Ltd.
Feeder Funds: Pine River Fund Ltd. and Pine River Fund L.P.

Pine River Master Fund Ltd., Pine River Fund Ltd. and Pine River Fund L.P. (the “Pine River Master Funds”) seek to generate superior risk-adjusted returns by investing and trading in global markets, primarily employing “relative value” strategies; that is, strategies that seek to be profitable regardless of whether broader market indices rise or fall. The Pine River Master Funds’ strategies include the use of market judgment and/or mathematical or statistical techniques to identify perceived mis-pricings of securities the price movements of which are significantly correlated, and to capture the value inherent in those mis-pricings by trading long and short positions in those securities.

Through investing in the Pine River Master Fund Ltd. and its investments in other funds managed by the Investment Manager, the Pine River Master Funds invest in asset classes or pursues investment strategies that the Investment Manager believes are consistent with the relative value orientation of the Pine River Master Funds and offer attractive risk-based returns. By way of

illustration, the Pine River Master Funds expect to commit a portion of their capital to the following strategies, among others:

Capital Structure Arbitrage — investing and trading in different classes of securities in a company's capital structure, either directly or via derivative instruments. In its capital structure strategies, the Investment Manager uses market judgment and/or mathematical or statistical techniques in an attempt to identify sets of long and short positions intended to capture market anomalies.

Fixed Income Arbitrage — investing and trading in mortgage-backed securities and other fixed income securities to capture mis-pricings in and distortions among such securities. This strategy utilizes a wide variety of instruments, including securities that are based on fixed-rate mortgages, adjustable rate mortgages, interest-only mortgages and mortgages with varying maturity dates; collateralized mortgage obligations; interest-only securities; "TBAs" (mortgage-backed securities to be delivered by a U.S. government-sponsored mortgage entity at a future date); mortgage REITs (real estate investment trusts that hold mortgages and mortgage-backed securities); securities representing the rights to certain portions of the principal and/or interest payments from a pool of mortgages; asset-backed securities; and municipal bond securities.

Convertible Securities Arbitrage — engaging in convertible securities arbitrage and related investment strategies. Convertible securities are securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company, or securities that are indexed to an unmanaged market index, at the option of the holder during a specified time period. Convertible arbitrage generally involves acquiring convertible securities and selling short a corresponding amount of the underlying equity securities, although this relationship may be reversed. In its convertible securities arbitrage strategies, the Investment Manager uses its market judgment and/or mathematical/statistical techniques to identify perceived mis-pricings of securities, the price movements of which are significantly correlated, and to capture the value inherent in those mis-pricings by trading long and short positions in those securities.

Special Purpose Acquisition Companies — investing and trading in the securities of "blank check" public companies, i.e., companies formed for the purpose of identifying and consummating a merger, acquisition or other business transaction with one or more operating businesses or assets.

Distressed Credits — investing and trading in companies that are under financial stress and that are engaged in or may become engaged in a bankruptcy or restructuring proceeding. The Pine River Master Funds may take positions in any part of these companies' capital structures depending on the attendant risk/reward characteristics.

Value Situations — investing and trading in public securities that the Investment Manager perceives to be undervalued by the market. These mis-pricings may occur for a variety of reasons but historically the Investment Manager has found them to occur most commonly in companies with smaller market capitalization where little or no public research exists.

Private Market Transactions — investing and trading in securities that have not been registered with the SEC for public offer or sale. The Pine River Master Funds may make private investments in both public and non-public companies.

From time to time, the Pine River Master Funds may also take outright directional market positions when such positions are thought to be complementary to or are reasonably viewed as hedges to the core strategy. These trades frequently result from opportunities identified in the course of implementing the Investment Manager's core strategies, as a result of which the Investment Manager may identify certain securities which it believes to be materially over- or underpriced. In certain cases, the Investment Manager may determine that an outright directional (long or short) position in such securities may have a better risk-reward profile than a hedged position.

The Pine River Master Funds seeks diversified investment opportunities across a broad range of markets, issuers, securities, industries, credit ratings and geographic segments. The Pine River Master Funds may make significant allocations of capital to developing markets outside the United States, or to thinly traded market segments.

The Pine River Master Funds invest both directly, through their own investments and trading, and indirectly, by investing in other Funds managed by Pine River. When the Pine River Master Funds invest in other Funds, the Pine River Master Funds do not pay Management Fees or Incentive Fees/Allocations to such Funds.

Investment Strategy and Objective of Pine River Quantitative Strategies Master Fund Ltd.
Feeder Funds: Pine River Quantitative Strategies Fund Ltd. and Pine River Quantitative
Strategies Fund L.P.

The objective of Pine River Quantitative Strategies Master Fund Ltd., Pine River Quantitative Strategies Fund Ltd. and Pine River Quantitative Strategies Fund L.P. (the “Quant Funds”) is to seek to generate superior risk-adjusted returns with low correlation to the general equity and debt markets by investing and trading in the global equity and debt markets using Pine River's proprietary computer models (the “Models”). The Quant Funds expect to take both long and short positions in various financial instruments across multiple asset classes. The Quant Funds seeks to preserve investment capital through superior security selection coupled with rigorous risk management. This is primarily achieved through use of the Models; however, certain risk management functions involve active monitoring and limit setting by Pine River's risk personnel. There can be no assurance that the Quant Fund's investment objective will be achieved.

The Quant Fund's primary strategy is to identify, trade and invest in long and short positions in securities across both equity and debt markets which Pine River's Models identify as potentially being undervalued or mispriced. Generally, the Quant Funds employ strategies that attempt to be profitable regardless of whether general equity or debt markets rise or fall. From time to time, however, the Quant Funds will also take positions that may be correlated to the broader markets when such positions are thought to be complementary to or are reasonably viewed as hedges to the Quant Funds' core strategies. While the Quant Funds' long and short exposures will likely approximate one another over time, one or more of the Models may take on directional risk from time to time and the Quant Fund should not be considered a true “market neutral” investment product. Moreover, the Quant Funds' portfolio will not have pre-set ratios between equity and debt financial instruments.

All trading conducted by the Quant Funds will be dictated by the Models. In general, Pine River expects only minimal human intervention between the Models, the signals they generate, and the Quant Funds' trading activities. However, Pine River's personnel will need to execute fixed income and over the counter trading activity until the over the counter markets develop to permit Pine River to implement appropriate automation. In general, equity trading will be conducted directly between the Models and the equity markets. The Models, however, are not static. The Quant Funds' portfolio

management team will test, modify, create, remove, attempt to improve, re-code, re-design and monitor the Models on a continual basis as the Quant Funds' performance and market changes dictate.

Pine River believes that the Models can identify mis-pricings, which may be predictive of future price movements. In addition, Pine River intends to use rigorous risk management techniques to aid portfolio construction with a goal of both capital preservation and alpha maximization.

There are multiple types of Models. Two primary Model types utilized by Pine River are mathematical based and external factor based. The Models work across various time horizons, some focus on intra-day trading and others employ holding periods on the order of weeks. Pine River also intends to employ the Models to focus both on trading across asset classes and on trading within a given asset class. By committing to its long-term strategy of building multiple Models to examine different asset classes over varied time-horizons, Pine River seeks to achieve consistent, differentiated returns over time.

Investment Strategy and Objective of Pine River Tail Hedge Master Fund Ltd.
Feeder Funds: Pine River Tail Hedge Fund Ltd. and Pine River Tail Hedge Fund L.P.

The objective of Pine River Tail Hedge Master Fund Ltd., Pine River Tail Hedge Fund Ltd. and Pine River Tail Hedge Fund L.P. (the “Tail Hedge Funds”) is to generate positive returns during periods of market turmoil, when traditional investment strategies may suffer losses. The Tail Hedge Funds may be expected to suffer losses during periods of market stability or generally improving equity and credit market conditions.

The Tail Hedge Funds expect to invest at least 75% of their portfolio in highly liquid positions tied to mainstay indices, which Pine River anticipates may easily be monetized in a financial crisis or other tail risk event. Examples of such indices include: equity indices such as the S&P 500 Index, the Hang Seng Index and the DJ Euro Stoxx 50.

Credit indices such as the CDX North America Investment Grade indices, the CDX North America High Yield indices, the LCDX loan credit default swap indices, the ITraxx international credit default swap indices, and the ITraxx SovX sovereign debt credit default indices.

This portfolio may include puts and calls on the indices, short sales of the indices, or variance swaps to trade the volatility of the indices. Up to 25% of the Tail Hedge Funds' portfolio may be invested in other less liquid positions, including long or short positions in equities, credit instruments or sovereign currencies and other derivatives. The foregoing percentage portfolio allocations are estimations only and may vary, perhaps materially, without notice to Investors. Pine River retains full discretion to make the Tail Hedge Funds' portfolio allocations.

Investment Strategy and Objective of Pine River Ultra Master Fund Ltd.
Feeder Funds: Pine River Ultra Fund Ltd. and Pine River Ultra Fund L.P.

The investment objective of Pine River Ultra Master Fund Ltd., Pine River Ultra Fund Ltd. and Pine River Ultra Fund L.P. (the “Ultra Funds”) is to generate superior returns by pursuing high concentration, high volatility investment opportunities across a wide range of strategies in the general equity and debt markets.

The Ultra Funds' primary strategy is to uncover opportunities capitalizing on mis-pricings and dislocations across a wide range of markets with the goal of delivering significant long-term returns

regardless of short-term market fluctuation. The Ultra Funds seek to identify, trade and invest in opportunities as they arise across a broad range markets, issuers, securities, industries, credit ratings and geographic segments, including U.S. municipal securities, global equity securities including the equities of institutions involved in the U.S. mortgage markets, financial and insurance markets and other sectors, global sovereign bonds, global corporate bonds, emerging market currency futures and other emerging market investments.

The Ultra Funds are not limited in any way with respect to the investment strategies that they pursue, and are permitted to concentrate allocations in high volatility investment opportunities across a wide range of strategies and markets. The Ultra Funds are best suited for investors with a longer-term investment horizon that are aiming to achieve significant potential returns and can tolerate higher potential volatility in a relatively small portion of their portfolio. The Ultra Funds will pursue potentially high volatility investments and will not seek to maximize Sharpe ratio.

Risk Factors

The Funds are speculative investments which involve significant risks due to, among other things, the nature of each Fund's investments and investment strategy, the lack of a public market for the investments, and limitations on an Investor's liquidity. An Investor should not invest in the Funds, unless it is fully able (1) to bear the financial risks of its investment for an indefinite period of time and (2) to sustain the loss of all or a significant part of its investment and realized or unrealized profits.

The risk factors set forth below are intended to summarize the material risks of investing in the Funds, however each Fund is subject to certain risks that are specific to the Fund's investment strategy. The following summary is not intended to be a complete statement of the risks of investing in each Fund. Investors should review the full offering memorandum and other governing documents for a given Fund for a complete statement of the risks relating to such Fund.

Overview

The Funds, like many other private investment funds that pursue alternative investment strategies, charge relatively high fees compared to other investment vehicles, are subject to less regulatory oversight than entities in other segments of the financial services industry, and are dependent on a relatively small group of investment professionals who make all of the business and investment decisions for the Funds.

The Funds' strategies are subject to a number of market risks, including directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, changes in market volatility, "flights to quality" and "credit squeezes." Pine River's approach to alternative investing may be no less speculative than traditional investing strategies. To the contrary, alternative investment strategies have from time to time incurred sudden and dramatic losses.

LIQUIDITY RISK

Illiquidity of Shares

Investments in the Funds are illiquid and should only be acquired by Investors able to commit their funds for an indefinite period. Investors are not permitted to transfer their interests without the consent of the applicable Fund. Investors should not expect a Fund to grant its consent to transfers. There is currently no market for interests in the Funds, and none is expected to develop.

Investors in the Pine River Funds are subject to different redemption or withdrawal limitations, as summarized in the chart below:

Fund	Liquidity	Gate
Credit RV Funds	Quarterly on 45-day notice	25% fund level
Financial Services Funds	Monthly on 45-day notice Six month clean-up provision	10% fund level 3% fee above gate
Fixed Income Funds	Quarterly on 45-day notice after one (1) year lock-up	25% investor level 15% fund level 5% fee above gate
Liquid Mortgage Funds	Monthly on 30-day notice	25% investor level
Liquid Rates Funds	Monthly on 30-day notice	None
Nisswa Acquisition Funds	Quarterly on 60-day notice	15% fund level 5% fee above gate
Pine River Asia Funds	Quarterly on 45-day notice Annually on anniversary of subscription	15% fund level 3% fee above gate
Pine River Convertibles Funds	Quarterly on 45-day notice	25% investor level Sliding fee above gate
Pine River China Funds	Quarterly on 45-day notice	25% investor level
Quant Funds	Quarterly on 45-day notice	25% investor level

Pine River Master Funds	Quarterly on 45-day notice	25% investor level
Tail Hedge Funds	Monthly on 30-day notice	None
Ultra Funds	Quarterly on 45-day notice	25% investor level

In addition to the redemption or withdrawal limitations described above, the Funds have broad authority to suspend redemptions or withdrawals and the payment of redemption or withdrawal proceeds under certain circumstances. In such an event, Investors in a Fund that has suspended redemptions or withdrawals may remain invested in a Fund indefinitely. As a result of these limitations, Investors may not be able to liquidate their investments in the Funds at will. Accordingly, Investors should only invest in the Funds if they are willing and able to commit their funds on an illiquid basis for an extended period.

STRATEGY RISKS

No Formal Diversification Policies

Pine River is not restricted as to the percentage of a Fund's assets that may be invested in any particular instrument, market or strategy. The Funds do not have any fixed guidelines for diversifying their portfolio among instruments, markets or strategies. Therefore, the Funds' portfolios could be relatively concentrated in certain types of securities and issuers. As a result, the Funds' investment portfolios are subject to more rapid changes in value, than if they were more diversified.

Mortgage-Backed Securities

Many of the Pine River Funds invest a portion of their capital in strategies based on residential mortgage-backed securities. The mortgage-backed securities markets have experienced unprecedented volatility since 2007, causing significant losses to some investors. At times certain mortgage-backed securities have become difficult to value, and the markets for some securities have become very illiquid. In some cases the market has severely underestimated the risks inherent in these instruments, including the risks of homeowner default and risks relating to declining real estate values. Mortgage-backed securities that are issued by U.S. government-sponsored agencies are less exposed to credit risk and the risk of decreasing collateral values. These securities have not suffered the same volatility or illiquidity suffered by some other mortgage-backed securities, but there can be no assurance that this will continue to be the case. There also exists the possibility with respect to residential mortgage-backed securities that principal may be prepaid at any time due to, among other reasons, prepayments on the underlying mortgage loans. The rate of prepayments on underlying mortgages affects the price and volatility of a mortgage-backed security, may have the effect of shortening or extending the effective maturity beyond what was anticipated, and may require a Fund to reinvest assets at an inopportune time, which may expose the Fund to a lower rate of return.

Convertible Securities Arbitrage

Many of the Pine River Funds invest in and trade convertible securities, which are securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company, or securities that are indexed to an unmanaged market index, at the option of the holder during a specified time period. Convertible securities exhibit characteristics of

both equity and debt instruments, and while this complexity creates opportunities for the Funds it also exposes the Funds to risks particular to these securities.

Convertible securities arbitrage generally involves acquiring convertible securities and selling short a corresponding amount of the underlying equity security, although this relationship may be reversed. There are many associated risks that can affect the results of this strategy, including the following: (i) dramatically rising interest rates or escalating market volatility may adversely affect the relationship between securities; (ii) convertible securities tend to be significantly less liquid and have wider bid/offer spreads than equity securities, making it more difficult to enter and profitably exit such trades; (iii) convertible arbitrage involves an inherently imperfect and dynamic hedging relationship and must be adjusted from time to time (and the failure to make timely or appropriate adjustments may limit profitability or lead to losses); (iv) convertible arbitrage involves selling securities short, with the attendant risk of loss and the costs of locating shares available for borrowing; and (v) the prices of the securities involved may be materially adversely affected by changes in the dividend policy of the underlying common equity, changes in the issuer's credit rating or unexpected merger or other extraordinary transactions affecting the convertible security or common equity.

Funds that pursue convertible securities arbitrage trading strategies have historically been vulnerable to significant losses when numerous investors in the strategy attempt to liquidate their positions at the same time. Most recently, convertible arbitrage investors suffered large losses and lack of liquidity during the 2008 U.S. financial crisis. There can be no assurance that Pine River would be able to avoid such losses for its Funds during future disruptions in the convertible bond markets.

Relative Value Strategy Risk

The Funds frequently pursue relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. Relative value strategies seek to reduce exposure to the risk of overall market price movements, but in pursuing such strategies a Fund remains exposed to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence of its valuation models. In the event that the perceived mis-pricings underlying such trading positions fail to converge toward, or diverge further from, Pine River's expectations, a Fund may incur losses. A number of relative value strategies have incurred major losses from time to time during periods when historical pricing relationships became disrupted, dealers restricted credit and market liquidity declined.

Directional Trading

Certain of the positions taken by the Funds may be designed to profit from forecasting absolute price movements in a particular instrument. Predicting future prices is inherently uncertain and the losses incurred, if the market moves against a position, may not be hedged. The speculative aspect of attempting to predict absolute price movements is generally perceived to exceed that involved in attempting to predict relative price fluctuations. Further, to the extent the Funds engage in directional trading, they become less "market neutral."

Tail Hedge Strategy

The "tail hedge" strategy pursued by the Tail Hedge Funds can be expected to suffer losses during periods of market stability or generally improving market conditions. Pine River will not attempt to predict the duration of such periods, or to reduce its investments or exposure during such

periods. Many of the other Pine River Funds invest a portion of their capital in the Tail Hedge Funds, and are therefore exposed to such losses as well. As a result, the “tail hedge” strategy component of a Fund’s portfolio could experience substantial on-going losses. Moreover, the gains to such strategy that are anticipated when tail risk events occur may not be sufficient to offset the losses that such strategy suffers at other times. The “tail hedge” strategy may lose money over an extended period.

Long/Short Strategy

The “long/short” strategy pursued by the Financial Services Funds depends upon Pine River’s ability to identify and purchase financial instruments that are undervalued and identify and sell short financial instruments that are overvalued. Identifying investment opportunities and implementing the Funds’ “long/short” investment strategies is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying the Funds’ positions were to fail to converge toward, or were to diverge further from values expected by Pine River, the Funds may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Funds to close out one or more positions. Further, the valuation models used to determine whether a position presents an attractive opportunity consistent with Pine River’s “long/short” strategies may become outdated and inaccurate as market conditions change.

Hedging Strategy

The Funds employ various hedging strategies in an effort to minimize certain risk. The objective in hedging is not to eliminate all risk, but to assume only those risks that Pine River deems to be incorrectly valued. Risks that can be quantitatively measured and managed (and therefore hedged) include interest rate risk (duration and convexity), prepayment risk, spread risk and volatility risk. Hedges on these risks may include puts and calls on U.S. Treasury futures; options, swaps and other interest rate derivatives; and credit default swaps on selected entities or indexes. Other risks not readily defined in the quantitative models, but that are equally important in risk management, include basis risk, portfolio diversification risk, financing risk, liquidity risk, leverage risk and event risk.

Concentrated Portfolio Strategy

At any given time, the Ultra Funds’ portfolio could become significantly concentrated within a particular company, asset or asset class, industry, sector, strategy, currency, country or geographic region, and such concentration of risk may make the investment portfolio more susceptible to fluctuations in value resulting from adverse economic conditions, temporary changes in the performance of portfolio securities or other factors which negatively affect the performance of such securities than a diverse portfolio would be. In addition, it is possible that Pine River may select investments that are concentrated in a limited number or type of financial instruments or assets. This limited diversity could expose the Ultra Funds to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those financial instruments. Since the Ultra Funds’ sole assets will consist of a limited number of securities, the Ultra Funds run the risk that their financial condition and its ability to make distributions will be adversely affected by a decline in the value of these securities.

Investments in China A-Shares

Certain of the Funds may invest, directly or indirectly, in A-Shares traded on Chinese exchanges. Trading in A-Shares is typically limited to Chinese onshore investors and to non-Chinese investors who have been granted either Qualified Foreign Institutional Investor (“QFII”) status or RMB Qualified Foreign Institutional Investor (“RQFII”) status and a foreign investment quota. Pine River has not obtained QFII/RQFII status or the grant of a quota. However, certain Pine River Funds may gain exposure to the A-share market by investing in derivative instruments offered by other QFIIs/RQFIIs with quotas or by investing directly into funds managed by holders of QFII/RQFII quotas (“QFII/RQFII Funds”).

The current Chinese QFII/RQFII regulations include investment restrictions which are applicable to assets invested through QFII/RQFII Funds. In the event of a default by a broker, custodian or QFII/RQFII holder for a QFII/RQFII Fund, a Pine River Fund may encounter delays in recovering its assets which may in turn affect the net asset value of the Fund. QFII/RQFII status may be suspended or revoked and QFII/RQFII quota may be reduced or cancelled by the Chinese State Administration for Foreign Exchange (“SAFE”). SAFE is vested with the power to impose regulatory sanctions if a QFII/RQFII or its custodian violates any provision of any QFII/RQFII regulations. Any violations could result in the revocation of the QFII/RQFII quota made available for investment by the QFII/RQFII Fund. In extreme circumstances, the value of a Fund’s investment in a QFII/RQFII Fund may significantly decline due to limited investment capabilities, or its investment objectives or strategies may not be fully implemented, due to QFII/RQFII investment restrictions, illiquidity of the Chinese securities markets, delay or disruption in execution of trades, or delays in settlement of trades. SAFE regulates and monitors the repatriation of funds from China by QFIIs and RQFIIs. Repatriations by RQFIIs of RMB may be restricted or subject to a one year lock-up period from the time the RQFII quota is utilized. Any restrictions on repatriation of the invested capital and net profits may affect the QFII/RQFII Fund’s ability to meet repatriation requests, including requests from the Funds.

INVESTMENT OR PRODUCT RISKS

Futures Contracts and Futures Options

The Funds trade futures and futures options for hedging purposes. The prices of such contracts are highly volatile. In investing in futures, Pine River must be able to analyze correctly the underlying markets, which are influenced by, among other things, changing supply and demand relationships, governmental, commercial and trade programs and policies, world political and economic events and changes in interest rates. Moreover, investments in futures and options contracts involve significant leverage (*i.e.*, margin is usually only 5% to 15% of the face value of the contract and exposure can be nearly unlimited), and as a result, a relatively small price movement in a futures contract may result in substantial losses to the investor.

Derivative Instruments

The Funds make extensive use of various derivative instruments for hedging and other trading purposes, including warrants, options, convertible securities, credit derivatives, futures contracts and options thereon and interest-rate, equity and other swaps. The use of derivative instruments involves a variety of material risks, including the high degree of leverage often embedded in such instruments and the possibility of counterparty non-performance. In addition, the derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to a Fund to close out open positions in order to realize gains or limit losses.

Some of the derivative instruments traded by the Funds are principal-to-principal or “over-the-counter” contracts between a Fund and a third party entered into privately, rather than on an established exchange. In such cases, the Fund will not be afforded the regulatory protections of an exchange or its clearinghouse, or of a government regulator that oversees the exchange or clearinghouse, if a counterparty fails to perform. In privately negotiated transactions, the risk of the negotiated price deviating materially from fair value is substantial, particularly when there is no active market available from which to derive benchmark prices.

Many derivatives are valued on the basis of dealer pricing. However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative may be materially different. Such differences may materially adversely affect a Fund in situations in which the Fund is required to sell derivative instruments. A Fund’s use of derivatives for hedging purposes involves certain additional risks, including: (i) imperfect correlation between movements in the asset on which the derivative is based and movements in the asset being hedged; and (ii) the significant amount of collateral that the Fund may be required to post in order to secure its obligations under derivatives contracts. The derivatives contracts utilized by the Funds are expected to have termination clauses allowing the counterparty to terminate them under certain circumstances, which may include a decline in net asset value, the departure of key managers, or an increase in the relevant Fund’s exposure to the counterparty. If a derivatives contract is terminated and not promptly replaced, the relevant Fund may not be able to replace the position and accordingly may be forced to close out potentially valuable trades, and may be forced to close out other positions at a loss.

Short Sales

The Funds may sell securities short in implementing their trading strategies. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a Fund’s portfolio. Because the borrowed securities sold short must later be replaced by market purchases, any appreciation in the market price of these securities results in a loss. Purchasing securities to close out the short position can itself cause their market price to rise further, increasing losses.

Further, a Fund may be prematurely forced to close out a short position if a counterparty from which the Fund borrowed securities demands their return or increases the borrowing costs. There can be no assurance that securities necessary to cover a short position will be available for purchase. U.S. and non-U.S. regulatory authorities have recently instituted new limitations on short sales, including temporary bans and ongoing reporting requirements. The long-term impact of such reporting requirements on strategies that make use of short sales is unclear, but if bans on short sales are reinstated it may become impracticable or uneconomical to implement some of the Funds’ investment strategies.

Credit Default Swap Agreements

The Funds invest in and trade credit default swap agreements (“CDSs”) and uses them in its hedging strategies. The “buyer” of a CDS is obligated to pay the “seller” a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. If a credit event occurs, the seller must pay the contingent payment to the buyer, which is typically the full notional value of the reference obligation, in exchange for either physical delivery of the underlying instrument or a cash-settled recovery amount. Investing in CDSs involves greater risks than investing in the reference obligation directly. In addition to general market risks, CDSs are subject to liquidity risk and credit risk.

CDSs are a relatively new form of financial instrument, but the volume of trading in CDSs has grown rapidly in recent years. The size and relative immaturity of the CDS market may expose the Funds to large and unexpected risks. During periods of economic stress the CDS market may not function as expected and may experience disruption, illiquidity, counterparty default, extreme volatility or imperfect price discovery.

Options

The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received, which could result in a potentially unlimited loss. Over-the-counter options also involve counterparty solvency risk.

Forward Contracts

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. There is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Funds due to unusually high trading volume, political intervention or other factors.

The imposition of credit controls by governmental authorities might also limit such forward trading to less than that which Pine River otherwise recommend, to the possible detriment of the Funds. In their forward trading, the Funds may be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the counterparties with which the Funds trade. Assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on CFTC-regulated commodity brokers in respect of customer funds on deposit with them. Accordingly, the insolvency or bankruptcy of such parties could also subject the Funds to the risk of loss.

TRADING RISKS

Trading in Foreign Markets

Pine River trades in markets outside the United States. Trading in such markets is not regulated by any U.S. government agency. Many non-U.S. stock markets are not as developed or efficient as those in the United States and may be more volatile than the U.S. markets. There is generally less government supervision and regulation of non-U.S. exchanges, brokers and listed companies than in the United States. Further, trading volumes in non-U.S. markets are usually lower than in U.S. markets, resulting in reduced liquidity and potentially rapid and erratic price fluctuations. Commissions for trades on non-U.S. stock exchanges are generally higher than negotiated commissions on U.S. exchanges and custody expenses are generally higher as well. Settlement

practices for transactions in non-U.S. markets may involve delays beyond periods customary in the United States, possibly requiring a Fund to borrow funds or securities to satisfy its obligations arising out of other transactions. In addition, there could be more “failed settlements,” which can result in losses to Funds trading in such markets.

Investing in securities of non-U.S. governments and companies that are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves risks not typically associated with investing in securities of the U.S. government or U.S. companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, non-U.S. government restrictions, less government supervisions of exchanges, brokers and issuers; greater risks associated with counterparties and settlement; difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards; and greater price volatility.

The Funds may invest assets in government and corporate debt and equity securities and related instruments in emerging markets, including China and India. The value of emerging market instruments may be significantly affected by political developments in the country of issuance. In addition, the existing governments in the relevant countries could take actions that could have a negative impact on a Fund, including nationalization, expropriation, imposition of confiscatory taxation or regulation or imposition of withholding taxes on interest payments. The economies of many emerging market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments retain a high degree of direct control over the economy and may take actions having sudden and widespread effects. Also, many emerging market economies have a high dependence on a small group of markets or even a single market. Emerging market countries tend to have periods of high inflation and high interest rates as well as substantial volatility in interest rates. The value of emerging market debt can be expected to be very sensitive to changes in interest rates worldwide and, in particular, in the country of the relevant issuer. Emerging market debt issuers and their obligations are not generally rated by any credit rating agency, and a significant proportion of such issuers and obligations would likely fall in the lowest rating category if they were rated.

Trade Execution Risk and Portfolio Turnover

Many of the trading techniques used by the Funds require the rapid and efficient execution of transactions. Inefficient execution can eliminate the small pricing differentials which Pine River attempts to exploit. The potentially adverse impact of inefficient trade executions is increased by the Funds’ high turnover rate. The turnover rate of the Funds’ investment portfolios is significant, involving substantial brokerage commissions, fees and other transaction costs.

Duration of Investment Positions

Pine River may not know, except in the case of certain options or derivatives positions which have pre-established expiration dates, the maximum – or even the expected (as opposed to optimal) – duration of any particular position at the time of initiation. The length of time for which a position is maintained may vary significantly, based on Pine River’s subjective judgment of the appropriate point at which to liquidate a position so as to augment gains or reduce losses. There can be no assurance that the Funds will be able to maintain any particular position, or group of related positions, for the duration required to realize the expected gains, or avoid losses, from such positions.

PINE RIVER RISKS

Evolving and Opportunistic Strategies

The investment and trading opportunities available to the Funds are varied and diverse. Pine River has complete flexibility in selecting the investment and trading strategies implemented by the Funds, subject to governing documents and agreements of the Funds.

Pine River is generally not limited to trading any specific instruments or pursuant to any specific strategy. Pine River expects that the strategies it uses will continue to develop and change over time. By investing in a Fund, Investors are relying on the discretionary market judgment and expertise of Pine River to trade in a wide range of markets and strategies.

Model Risk

Pine River's strategies are based on models for valuing and analyzing investment opportunities that it has developed over time. Such models can become outdated, ineffective or inaccurate, perhaps without Pine River recognizing that fact before a Fund incurs substantial losses. Pine River cannot guaranty that it will successfully develop and maintain effective models.

Use of Systems

Pine River relies extensively on the use of computer systems, hardware, software, and telecommunications equipment. Pine River makes use of its own Models as well as systems which are publicly available or provided by third parties. Accordingly, the Funds are exposed to the risk that computer hardware, software, electronic equipment and other services used by Pine River may cease to be available, for example, due to the insolvency of the provider or the discontinuation of services or software updates. In such circumstances, Pine River would seek to obtain equivalent hardware, software and services from an alternative supplier.

System Failure

As Pine River makes extensive use of computer hardware, systems and software, the Funds are exposed to risks caused by failures of IT infrastructure and data. In addition, outright failure of the underlying hardware, operating system, software or network, may leave the Funds unable to trade either generally or in certain of its strategies, and this may expose it to risk should the outage coincide with turbulent market conditions. To ameliorate this risk, backup and failover plans have been put in place by Pine River. Nevertheless, in the worst case, Pine River may have to liquidate a Fund's entire portfolio as the only safe way to proceed should a crippling system outage occur.

Data Feed Failure

The Models utilize data feeds from a number of sources. If these data feeds were to be compromised or discontinued in any material manner, or not delivered or accessible in a timely manner, the Models may not be properly formulated. This failure to receive the data feeds or receive the data feeds in a timely manner may leave the Fund unable to trade, and this may expose the Funds to risk of loss or loss of opportunities, in particular if the loss of the data feed coincides with turbulent market conditions. If the data feeds are compromised or discontinued in any material manner or if the data feeds are not delivered or accessible in a timely manner it may result in a loss to the Funds, which could be material.

Risk of Programming Implementation Error or Logical Error

Given the reliance of Pine River upon the operation of the Models and other software trading and analysis systems, it follows that the Funds are therefore at risk of errors of implementation (colloquially known as “bugs”) and errors of design that may have found their way into the software or models, and which may cause inappropriate or aberrant behavior under certain or all market conditions. While reasonable steps have been taken to ensure that the software is adequate in design and free from manifest bugs, formal proof of bug-free code has not been undertaken and nor can the underlying logical and/or mathematical models be certified as free from error. Furthermore, without limitation, while the software has been tested, no guarantee can be given that a unique combination of input conditions experienced when running the system “live” and which has not been encountered during development, will not cause the system to fail, perform aberrantly, or take positions that are (under some reasonable criteria) judged to be inappropriate. As with any software, upgrades, “bug fixes” and various other improvements may be introduced over time and the risk therefore exists that such changes may detrimentally affect the performance of the Funds, rather than improve it.

Dependence on Pine River

The Funds are dependent upon the ability of Pine River to manage their trading and investment programs and the continued availability of Pine River’s services to the Funds. Pine River, in turn, is dependent upon the skill, judgment and expertise of and a relatively small number of key personnel. The loss of the services of these individuals could be material and adverse to the Funds.

Although Pine River uses quantitative mathematical models to evaluate the economic components of certain prospective trades, however its strategies are not wholly systematic. The market judgment and discretion of Pine River’s personnel is integral to implementing the Funds’ strategies and success. Errors in market judgment can result in significant losses to the Funds.

MARKET AND COUNTERPARTY RISKS

General Market Risks

Pine River’s strategies are subject to some dimension of market risk, including directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, and changes in market volatility. Pine River’s style of alternative investing may be no less speculative than traditional investing strategies. To the contrary, due in part to the leverage that Pine River’s strategies employ, the Funds may from time to time incur sudden and dramatic losses. The particular or general types of market conditions in which the Funds may incur losses or experience unexpected performance volatility cannot be predicted, and the Funds may materially underperform other investment funds with substantially similar investment objectives and approaches.

Nature of Investments

Pine River has broad discretion in making investments for the Funds. Investments generally consist of equity and debt securities, derivatives and other assets that may be affected by business, financial market or legal uncertainties. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as U.S. or non-U.S. economic and political developments, may significantly affect the results of a Fund's activities and the value of its investments. There can be no assurance that Pine River will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments.

Leverage and Portfolio Maintenance

The Funds make extensive use of leverage, regularly borrowing from brokers, banks and other lenders to finance investment operations and enhance returns. Through the use of leverage, the Funds may acquire substantially more assets than the Fund has equity. The Funds are not limited in the amount of leverage they can use.

The Funds obtain leverage through trading securities on margin, repurchase agreements, futures, swaps and other derivatives, bank borrowings, structured finance vehicles and other means. The Funds incur interest expense on the borrowings used to leverage their positions. Leverage will increase a Fund's returns as long as the Fund earns a greater return on investments purchased with borrowed funds than the Fund's cost of borrowing such funds. However, the use of leverage exposes a Fund to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Fund not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses when investments fail to earn a return that equals or exceeds the Fund's cost of borrowing.

There can be no assurances that the Funds will be able to maintain adequate financing arrangements under all market conditions, and the lack of adequate financing could result in significant losses, or the inability to pursue the investment strategies of the Funds. A Fund's ability to maintain its leveraged positions is dependent upon having sufficient assets to meet margin calls and the liquidity demands of Investors, as well as on the continued availability of credit. Lenders have significant discretion over the amount of credit that they extend, the interest rates they charge, and the valuation of assets posted as margin, and can tighten their credit requirements with little or no notice. Changes by lenders in one or more of these policies or the imposition of other credit limitations or restrictions, whether due to market circumstances or government, regulatory or judicial action, may result in large margin calls, loss of financing, forced liquidations of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other lenders. Any such adverse effect may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The impositions of such limitations or restrictions could compel one or more of the Funds to liquidate all or part of their positions rapidly under unfavorable conditions. In the event of a sudden, precipitous drop in value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

Market Volatility

The prices of the instruments in which the Funds principally trade have been subject to periods of excessive volatility in the past, and such periods can be reasonably expected to recur. Market

volatility can create profit opportunities for the Funds but can also disrupt price relationships and certain of the Funds' strategies.

Interest Rate Risk

The Funds, especially those that pursue fixed income strategies, are subject to interest rate risk (*i.e.*, the value of fixed income securities are expected to change inversely with changes in interest rates). Pine River may attempt to reduce the exposure of a Fund's portfolio to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that Pine River will be successful in mitigating the impact of interest rate changes on a given Fund's portfolio.

Market Conditions

Certain market conditions are materially more favorable to Pine River's strategies than others. Pine River does not have any control over market conditions. During certain periods, it is highly probable that the Funds will incur substantial losses.

Market Illiquidity

The markets for certain of the financial instruments that the Funds trade have limited liquidity. Lack of liquidity can make it difficult or impossible for the Funds to purchase or sell securities at desired prices or in desired quantities, as a result of which, among other things, it may not be economically feasible for the Funds to hedge positions, to recognize profits on open positions or to close out open positions against which the market is moving. Sales of illiquid instruments may be possible only at a substantial discount, if at all. In addition, such instruments may be difficult to value, and illiquidity can disconnect market values from the historical pricing indicators used in a Fund's investment analysis, as the fewer transactions that take place the greater the risk of market values not reflecting true pricing relationships or fair value.

Global Market Exposure

When investing outside of the United States, the Funds are subject to, among other risks: (i) currency exchange-rate risk; (ii) the potential imposition of withholding, income or excise taxes; (iii) the absence of uniform accounting, auditing and financial reporting standards and practices; (iv) securities borrowing and lending restrictions; (v) less rigorous disclosure requirements and little or potentially biased government supervision and regulation; and (vi) economic and political risks, including expropriation, exchange controls, and potential restrictions on foreign investment and repatriation of capital.

Counterparty and Custody Risk

Institutions, such as banks and brokers, have custody of the Funds' assets. Bankruptcy or fraud at one of these institutions may cause the Funds to lose all or a portion of its assets held by those custodians or to be unable to access those assets for an extended period of time. For instance, in September of 2008, the bankruptcy of certain Lehman Brothers subsidiaries resulted in certain investment funds' being unable to access their cash or securities. However, the markets in which the Funds will effect its transactions may be over-the-counter ("OTC") or "interdealer" markets. Unlike members of "exchange-based" markets, the participants in such markets are typically not subject to credit evaluation and regulatory oversight. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the

terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. This counterparty risk is accentuated for contracts with longer maturities or that have greater volatility if, as is typically the case, there is no requirement on the counterparty to make mark-to-market payments, exposing the Funds to large counterparty obligations.

The risk of a large loss may be greater if the Funds have concentrated its transactions with a single or small group of counterparties, but the Funds' transacting with many counterparties likely increases its risk of incurring some loss (albeit a smaller loss). The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. The ability of the Funds to facilitate settlement may increase the potential for losses by the Funds. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking to market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Even in the exchange-traded market, however, though the Fund is subject to the risk of failure of exchange clearinghouses.

The events at Refco, Inc., Bear Stearns & Co., Inc., Lehman Brothers, American International Group, Inc. and MF Global, Inc. have indicated the extent to which investors, especially investors trading with leverage or who have otherwise posted substantial collateral with counterparties, are exposed to counterparty risk. It is expected that all securities, bank loans and other assets deposited with custodians or brokers will be clearly identified as being assets of the Funds and hence the Funds should not be exposed to credit risk with regard to such parties. However, it may not always be possible to achieve this and there may be practical or time problems associated with enforcing the Funds' rights to its assets in the case of an insolvency of any such party.

Hedging Generally

Pine River may not attempt to hedge all market or other risks inherent in the Funds' positions. Pine River may hedge certain risks, if at all, only partially. This could result in various directional market risks remaining unhedged. Pine River may rely on diversification to control such risks to the extent that Pine River believes it is desirable to do so.

Disrupted Markets

The Funds may incur major losses in the event of disrupted markets and other extraordinary events, in which market values become disconnected from, and potentially materially distorted in relation to, factors that ordinarily would be utilized in Pine River's analysis to determine appropriate value. The risk of loss from a disconnect from historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving.

The financing available to the Funds from their banks, dealers and other counterparties can be expected to be reduced in disrupted markets. Such a reduction may result in substantial losses to the Funds. Sudden restrictions of credit by the dealer community have, in the past resulted in forced liquidations and major losses for a number of private investment funds applying strategies similar to those which are to be or may be implemented by the Funds. Market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Despite the Funds' investment objectives, the Funds may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships (on which Pine River bases a number of its trading positions) become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving.

Government Intervention: Dodd-Frank Wall Street Reform and Consumer Protection Act

The global financial markets have recently undergone pervasive and fundamental disruptions which have led to extensive and unprecedented governmental intervention in the markets, including U.S. as well as non-U.S. jurisdictions. Such intervention has in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or to manage the risk of their outstanding positions. In addition — as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action — these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

As a response to the financial crisis, the U.S. Congress has adopted new market restrictions applicable to the U.S. financial markets, restrictions which may have a material adverse impact on both the future competitiveness of these markets as well as the profit potential of the Funds. Regulators in certain other jurisdictions have taken similar action.

The U.S. government passed into law the Dodd Frank Wall Street Reform and Consumer Protection Act (the "Reform Act") in July 2010. The Reform Act seeks to regulate markets, market participants and financial instruments that previously have been unregulated and substantially alters the regulation of many other markets, market participants and financial instruments. Because many provisions of the Reform Act require rulemaking by the applicable regulators before becoming fully effective and the Reform Act mandates multiple agency reports and studies (which could result in additional legislative or regulatory action), it is difficult to predict the impact of the Reform Act on the Funds, Pine River and the markets in which they trade and invest. The Reform Act could result in certain investment strategies in which the Funds engages or may have otherwise engaged becoming non-viable or noneconomic to implement. The Reform Act and regulations adopted pursuant to the Reform Act could have a material adverse impact on the profit potential of the Funds.

It is difficult to predict what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on Pine River's strategies. However, Pine River believes that there is a high likelihood of significantly increased regulation of the financial markets, and that such increased regulation could be materially detrimental to the Funds.

Identity of Beneficial Ownership and Withholding Tax on Certain Payments

In order to avoid a U.S. withholding tax of 30% on certain payments (including payments of gross proceeds) made with respect to certain actual and deemed U.S. investments, the Funds will be required to register with the United States Internal Revenue Service (the "IRS") and identify certain direct and indirect U.S. account holders and equityholders. A non-U.S. investor in the Funds will generally be required to provide documentation to the Fund which identifies its direct and indirect U.S. ownership. Any such information provided to the Fund will be shared with the IRS. A non-U.S.

investor that is a “foreign financial institution” within the meaning of Section 1471(d)(4) of the Code will generally be required to register with the IRS and agree to identify certain direct and indirect U.S. account holders and equity holders. A non-U.S. investor who fails to provide such information to the Funds or register with the IRS, as applicable, will be subject to the 30% withholding tax with respect to its share of any such payments attributable to actual and deemed U.S. investments of the Fund. Investors should consult their own tax advisors regarding the possible implications of this legislation on their investments in the Funds.

Item 9 – Disciplinary Information

Investment advisers registered with the SEC are required to disclose all material facts regarding any legal or disciplinary events that could be important to a client’s evaluation of Pine River or the integrity of Pine River’s management. Pine River has no such legal or disciplinary actions to disclose.

Item 10 – Other Financial Industry Activities and Affiliations

Pine River and Pine River Domestic Management L.P. (“Pine River Domestic”) are registered commodity trading advisors and commodity pool operators, and certain of their supervised persons are registered as associated persons. Pine River operates the Funds pursuant to the requirements of either Commodity Futures Trading Commission (“CFTC”) Rule Section 4.5 or Section 4.7. The CFTC does not pass upon the merits of a particular pool or upon the adequacy or accuracy of any offering memorandum or other disclosure statement.

Pine River has arrangements that are material to its advisory business with its affiliates, Pine River Domestic, Pine River Capital Partners (UK) LLP, PRCM Advisors, LLC, Pine River Capital Management (HK) Ltd., and Pine River (Cayman) Ltd. Pine River has entered into agreements with each of Pine River Domestic, Pine River Capital Partners (UK) LLP, PRCM Advisors, LLC, Pine River Capital Management (HK) Ltd., and Pine River (Cayman) Ltd. Through these agreements, Pine River serves as the chief investment manager for all of the Funds.

Item 11 – Code of Ethics

Pine River has adopted a Code of Ethics and other ethical rules and guidelines for avoiding prohibited acts and eliminating potential conflicts of interests (“ethics rules”). Policies against over-reaching, self-dealing, insider trading, and conflicts of interest are set forth in Pine River's ethics rules. Among other matters, the ethics rules forbid any member, officer, affiliate, or employee of Pine River from trading, either personally or on behalf of others (such as the Funds managed by Pine River), on material non-public information or communicating material non-public information to others in violation of the law.

In addition, the ethics rules set forth restrictions on the receipt of gifts, outside employment, maintenance of brokerage accounts, and other matters. Pine River believes that its ethics rules are appropriate to prevent or eliminate potential conflicts of interests between Pine River and its employees and Investors and the Funds it manages. Yet, clients, Investors, and Funds managed by Pine River should be aware that no set of rules can anticipate or avoid all potential conflicts.

If you would like to receive a copy of Pine River's Code of Ethics, contact Pine River's Legal Department by telephone at (612) 238-3300 or submit a written request to 601 Carlson Parkway, Suite 330, Attn. Legal Department, Minnetonka, MN 55305 U.S.A. or compliance@prem.com.

Item 12 – Brokerage Practices

Description of Research Services Pine River Receives from Brokers and Dealers

Pine River receives a wide array of research services from brokers and dealers. The research received may include information on the United States and international economies, particular industries, groups of securities, business sectors, individual companies, statistical, technical and quantitative details about markets, accounting and tax law interpretations and opinions, political developments, legal developments affecting the securities markets, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate ethics and responsibility issues.

Research is received primarily in the form of written reports, telephone contacts, e-mails, facsimiles, personal meetings, research seminars, and access to computer databases. In some instances, research services are generated by third parties and are provided to Pine River by or through broker-dealers.

Pine River may have an incentive to select a broker-dealer based on its interest in receiving research or brokerage services, rather than best execution for its clients. Pine River does not enter into agreements with brokers exchanging specific amounts of business for research services. But Pine River may consider, in making a decision relative to best price and execution, the value of research services it receives from particular broker-dealers.

Except for services that would be a Fund expense or as otherwise described in the applicable Fund documents, Pine River does not intend to use "soft dollars" other than to obtain research and brokerage services within the meaning of Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the "Securities Exchange Act"). During any time that the assets of a Fund are considered for purposes of ERISA and Section 4975 of the Code, to be assets of employee benefit plans and other plans, Pine River will limit the use "soft-dollars" to obtain "research" and "brokerage" services within the meaning of Section 28(e) of the Securities Exchange Act. Soft dollar benefits are not allocated proportionately to the clients that generate any particular benefit.

Best Price and Execution Policy

Pine River's ability to determine the securities to be bought or sold, the amount to be bought or sold, and the broker to be used is limited by the parameters set forth in each Fund's organizational documents, offering materials, and/or investment management agreement with Pine River. In selecting brokers, dealers, and futures commissions merchants to effect transactions in financial instruments, Pine River considers factors such as general ability to obtain best execution, price, and the brokers and dealers' facilities, reliability, credit quality, and financial responsibility.

Pine River's general policy with respect to selecting brokers and paying commissions is to seek the best price and execution in regards to all portfolio transactions.

In selecting brokers or dealers to execute transactions for its clients, Pine River is not required to solicit competitive bids or to seek the lowest available commission cost. Pine River considers the full

range and quality of the brokerage services available when choosing a broker for a particular transaction. When choosing a broker Pine River considers:

- the price of the security,
- the commission rate,
- the size of the order,
- the reliability, integrity, financial condition, general execution and operational capabilities of competing brokers and dealers,
- the complexity of a particular transaction in terms of both execution and settlement,
- the level and type of business done with a firm over a period of time,
- research relating to a certain transaction,
- the extent to which the broker or dealer has capital at risk in the transaction,
- rates quoted by brokers and dealers,
- rates which other institutional investors are paying based upon publicly available information,
- arbitrage skills, and
- capable floor brokers and traders.

Pine River has not and does not intend to enter into any arrangement requiring it or its clients to allocate either a stated dollar amount or stated percentage of its brokerage business to any broker.

Pine River is not responsible for the acts or omissions of any broker or dealer selected by it in good faith.

Allocation of Investment Opportunities

In allocating investment and trading opportunities among its clients, Pine River makes a determination, exercising its judgment in good faith, as to whether an opportunity is appropriate for each client. Factors in making such a determination may include a client's liquidity, overall investment strategy and objectives, the regulatory constraints of the client, the composition of the client's existing portfolio, the size or amount of the available opportunity, the characteristics of the securities involved, the liquidity of the markets in which the securities trade, the risks involved, and other factors relating to the relevant client and investment opportunity. Pine River is not required to provide every opportunity to the Fund.

If Pine River determines that an investment or trading opportunity is appropriate for more than one client, then Pine River allocates such investment or trading opportunity among clients in a manner that Pine River determines, exercising its judgment in good faith, to be fair and equitable, taking into consideration all allocations among such clients taken as a whole and, if the assets of the Fund are considered for purposes of ERISA or Section 4975 of the Code, to be assets of employee benefit plans or plans, to comply with the fiduciary provisions of ERISA with respect to the assets of the Fund. Pine River has broad discretion in making that determination, and in amending that determination over time. Pine River is not required to provide every opportunity to every client, or to allocate opportunities on a pre-determined basis.

Bunched Trades

Pine River is permitted to bunch trades on behalf of more than one Fund. Pine River may bunch trades when it determines, exercising its judgment in good faith, that bunching a trade is fair and equitable and will improve trade execution or otherwise benefit (or not be harmful to) the Funds participating in the trade. When allocating bunched trades among Funds, Pine River will ensure

that: (a) each Fund is treated fairly with respect to priority of executing orders; (b) trades are allocated on a timely basis; (c) transaction prices and costs are averaged and allocated *pro rata* among all Funds participating in a trade; (d) partially filled orders are allocated *pro rata* among all Funds participating in a trade; and (e) accurate and complete records of all bunched trades are maintained. It may not always be possible or consistent with the investment objectives of the various Funds for the same investment positions to be taken or liquidated at the same time or at the same price. However, all transactions will be made on a “best execution” basis.

Information Obtained in the Course of Business

Pine River and its affiliates, in trading on behalf of the Funds or their own accounts, may make use of information obtained by them in the course of managing the Funds. Pine River and its principals and affiliates do not have an obligation to the Funds for any profits earned from their use of such information or an obligation to compensate the Funds in any respect for their receipt of such information.

Purchase of New Issues

Certain of the Funds may from time to time, to the extent permitted by the Rules of the U.S. Financial Industry Regulatory Authority, Inc. (the “FINRA Rules”), purchase equity securities that are part of an initial public offering (“New Issues”). Under the FINRA Rules, brokers generally may not sell such securities to a private investment fund, if the fund has investors who are “Restricted Persons,” which includes persons employed by or affiliated with a broker and portfolio managers of hedge funds and other registered and unregistered investment advisory firms, or “Covered Investors,” which includes certain persons who are affiliated with certain companies that are current, former or prospective investment banking clients of the broker, unless the fund excludes such Restricted Persons and/or Covered Investors from receiving allocations of profits and losses from New Issues. The profits and losses from New Issues will generally be allocated to investors in the Fund that are not Restricted Persons. Certain Funds may make use of a “de minimis” exemption pursuant to which a portion of any New Issue profits and losses may be allocated to Restricted Persons and Covered Investors. Upon Pine River’s determination that the FINRA Rules’ restrictions no longer apply to a new issue (typically, after the close of market trading on the day in which new issue shares are acquired by the Fund), Pine River will typically reallocate the new issue shares among all Investors in the Fund that invested in the new issues shares on a *pro rata* basis, through journal entries showing transfers of shares at the market price at the time of the transfer (typically, the closing price at the end of the first day of market trading).

Subscription documents for Funds investing in new issues elicit information from each Investor to enable Pine River to identify Investors that are Restricted Persons. If there is any uncertainty concerning whether an Investor is a Restricted Person, then that Investor will be treated as a Restricted Person until the Investor provides sufficient information to Pine River to enable it to determine that such Investor is not a Restricted Person. Pine River maintains a register of the restricted or un-restricted status of all Investors.

Principal Trades

Pine River may effect principal trades between itself and a Fund when Pine River, exercising its judgment in good faith, determines that a principal trade is beneficial to the Fund, and is fair and equitable. In certain cases, a client of Pine River, such as a Fund, may be deemed to be a proprietary account of Pine River for principal trade purposes. Whenever possible, Pine River will effect a principal trade at or with reference to the market price of the securities involved, and may effect

such principal trade via a broker-dealer or other third party market participant. In effecting a principal trade, Pine River may not intentionally favor itself over a Fund.

Principal trades will only be done in accordance with, and as permitted by, applicable law, including the Investment Advisers Act of 1940; principal trades are not allowed when the Fund involved is a “plan assets” fund under ERISA.

Pine River’s Chief Compliance Officer is required to approve all principal trades in advance. Notwithstanding the foregoing, every principal trade involves a potential conflict of interest among the parties to the transaction and Pine River, particularly the conflict between acting in its own best interests and assisting its clients by selling or purchasing a particular security.

Cross Trades

Pine River or any of its affiliates may effect cross trades between Funds managed by Pine River or its affiliates when Pine River, exercising its judgment in good faith, determines that a cross trade is mutually beneficial to the Fund and such other party and is fair and equitable. Whenever possible, Pine River will effect a cross trade at or with reference to the market price of the securities involved, and may effect such cross trade via a broker-dealer or other third party market participant. In effecting a cross trade, Pine River will not intentionally favor one party to the transaction over the other, however in hindsight a cross trade may appear to have favored one party over the other. Pine River and its affiliates will not receive commissions, or otherwise profit, from cross trades.

Cross trades will be effected by Pine River and its affiliates only to the extent permitted by applicable law; with limited exceptions, cross trades are not allowed when one or both of the Funds involved is a “plan assets” fund under ERISA.

Pine River’s Chief Compliance Officer is required to approve all cross trades in advance. Notwithstanding the foregoing, every cross trade involves a potential conflict of interest among the parties to the cross trade and Pine River. In any cross trade, Pine River will have a potentially conflicting division of loyalties and responsibilities regarding both clients that are parties to a particular cross trade.

Trade Error Correction Policy

Pine River strives to ensure that trades are executed in a timely and accurate manner. Yet, in the course of carrying out trading and investing responsibilities on behalf of the Funds, Pine River’s personnel may make trade errors. Trade errors include:

- (a) trades that should not have occurred (e.g., trades that are not legally permitted, not within the Fund’s mandate or not authorized by the Funds’ governing documents,
- (b) trades that were erroneously entered into (e.g., incorrect security, quantity, price, terms or allocation), or
- (c) trades that should have occurred but did not (e.g., an order was erroneously not placed).

If a trade error occurs, Pine River will take appropriate action to rectify or limit the consequences of the trade error, which may include: (x) allocating any profit resulting from such trade error for the benefit of the relevant Fund; and (y) reimbursing the Fund for any losses resulting from such trade error.

Additionally, a trade error in one of the Funds may be corrected through a reallocation or transfer of a position to another Fund or account managed by Pine River. Pine River will make such a reallocation or transfer only if (i) it represents an appropriate investment decision on behalf of each Fund or account involved, (ii) the reallocation or transfer does not cause a loss to the transferee Fund or account, and (iii) Pine River's Chief Compliance Officer has determined that the reallocation or transfer is permissible by law and consistent with the fiduciary duties owed by Pine River to all Funds and accounts involved.

ERISA Considerations

Investments in the Funds are generally open to institutions, including pension and other funds subject to ERISA. Investments in certain Funds by benefit plan investors may exceed 25% of the total value of each class of equity interests of such Funds. Pine River has implemented policies and procedures in order to ensure compliance with the requirements of ERISA with respect to such Funds, and in connection therewith Pine River is and intends to maintain its status as a "qualified professional assets manager, or QPAM, as defined under Prohibited Transaction Class Exemption 84-14 issued by the U.S. Department of Labor.

Most U.S. pension and profit sharing plans, individual retirement accounts and other tax-advantaged retirement funds are subject to provisions of Section 4975 of the Code, ERISA, or both. This could be relevant to a potential Investor's decision to invest in a Fund. Pine River encourages Investors to consult legal counsel regarding questions related to ERISA.

At such times as a Fund is a "plan assets" fund under ERISA, additional obligations and limitations may apply to the management of the Fund and the investments that the Fund may hold.

Item 13 – Review of Accounts

Pine River has established a risk management committee, appointed a chief risk officer, and implemented a risk management policy in order to formalize risk management controls and ensure appropriate independence for its risk management function. Pine River's investment and risk management personnel monitor the Funds on a continuous basis to assess systemic, portfolio-level and position-specific risks. Pine River uses both proprietary and commercially-licensed computer systems to assist in monitoring, analyzing and managing the risks inherent in the Funds' investments. Pine River may modify any of its risk management techniques at any time.

The Funds have independent administrators which review security valuations on a monthly basis. The administrator for each Fund reconciles positions and cash details directly with the custodians on a daily basis. Pine River has also engaged an independent public accounting firm to conduct annual audits of the Funds. As part of the annual audit process, the accounting firm independently verifies security prices and positions in the Funds, and confirms the Funds' ownership of investment assets.

Item 14 – Client Referrals and Other Compensation

Pine River does not receive economic benefits for providing investment advice or other advisory services, except from its clients. Neither Pine River nor any of its related persons directly or indirectly compensate any person who is not a supervised person of Pine River or its related persons for client referrals.

Item 15 – Custody

Each Fund receives at least quarterly statements from the broker dealers, banks or other qualified custodians that hold the Fund's investment assets.

Investors will receive statements from the relevant Fund's administrator on a monthly basis. Investors are encouraged to review such statements carefully and to compare these records to account information that Pine River provides to Investors.

Pine River furnishes to each Investor a report of the relevant Fund's estimated performance and net asset value as soon as reasonably practicable after the end of each accounting period, as well as an estimate of the increase or decrease in the net asset value of such Investor's shares or interests during that accounting period, and such other information as Pine River may deem appropriate. As soon as practicable after the end of each fiscal year, each of the Funds furnishes to each Investor a report as of the end of that fiscal year, which includes the following information: (i) the audited balance sheet and income statement of the relevant Fund; (ii) the closing net asset value of such Investor's shares or interests; and (iii) the percentage change in the net asset value of the Fund during the relevant fiscal year.

Pine River is deemed to have custody of client assets because of its ability to debit advisory fees from custodial accounts. Pine River obtains approval from the administrators for payment of its advisory fees prior to debiting client accounts.

Item 16 – Investment Discretion

Pine River has sole discretion to manage its clients' investment portfolios, except with respect to certain Pine River Managed Accounts. Generally, Pine River does not accept instructions from clients with respect to investments by or for their accounts. Pine River Managed Accounts can impose restrictions on investing in certain securities or types of securities. Pine River Managed Accounts can also negotiate other terms with Pine River. Pine River Managed Account restrictions and terms are formalized in advisory agreements with Pine River. Clients' investment guidelines and restrictions must be provided to and agreed with Pine River in writing.

Item 17 – Voting Client Securities

Proxy Voting Procedures and Guidelines

Pine River has adopted written proxy voting guidelines and procedures ("Proxy Voting Guidelines") in accordance with Rule 206(4)-6 of the Advisers Act. In voting proxies for the Funds, Pine River's goal is to act prudently and in the best interest of the Funds, and accordingly of Investors. Pine River seeks to consider all positive and negative consequences its vote could have on the value of the investment. When Pine River votes proxies, it will do so in a manner that it believes will be consistent with efforts to maximize the value of the Funds' positions. In its discretion, Pine River may choose not to vote on a particular proxy.

When a Fund has authorized Pine River to vote proxies on its behalf, Pine River generally will not accept instructions from the Fund or an Investor regarding how to vote proxies.

In furtherance of Pine River's goal to vote proxies in the best interests of the Funds, Pine River seeks to identify and address material conflicts that may arise between Pine River's interests and those of the Funds and Investors before voting proxies on behalf of the Funds.

Pine River's judgment concerning the manner in which the best economic interest of the Funds is achieved may change over time based on additional information, further analysis, and changes in the economic environment. Accordingly, Pine River's Proxy Voting Guidelines may be revised in Pine River's discretion.

Pine River's senior investment personnel oversee and manage the process by which it votes proxies. Investors can obtain a copy of Pine River's Proxy Voting Guidelines and a record of Pine River's voting on behalf of a particular Fund by contacting Pine River's Legal Department by telephone at (612) 238-3300 or by submitting a written request to 601 Carlson Parkway, Suite 330, Attn. Legal Department, Minnetonka, MN 55305 U.S.A. or compliance@prcm.com.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide investors with certain financial information or disclosures about Pine River's financial condition. Pine River has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.